

CPI Property Group Green Bond Annual Review

Type of Engagement: Annual Review

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Introduction

In 2019 and 2020, CPI Property Group (CPI) issued green bonds aimed at financing and/or refinancing projects that improve the environmental performance of its buildings.¹ In 2021, CPI engaged Sustainalytics to review the projects funded through the issued green bonds and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the CPI Property Group Green Bond Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in 2020 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the CPI Property Group Green Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the CPI Property Group Green Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Green Buildings	<ul style="list-style-type: none"> Acquisition, construction, or refurbishment of buildings which meet recognized standards, such as BREEAM (Very good and above) or LEED (Gold and above). 	<ul style="list-style-type: none"> Level of certification by property Annual GHG emissions reduced/avoided (t CO₂ eq pa) Annual energy savings (MWh pa) Annual reduction in water consumption (in m³)
Energy Efficiency	<ul style="list-style-type: none"> New or existing commercial buildings belonging to top 15% most energy efficient buildings in the local market Renovations or refurbishment of existing buildings, delivering a minimum 30% reduction in carbon emissions intensity or two letter grade improvements according to local Energy Performance Certificate 	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided (t CO₂ eq pa) Annual Energy Production (MWh pa)

¹ CPI has disclosed that it has issued four green bonds under its Green Bond Framework, a EUR bond maturing April 2027, a GBP bond maturing January 2028, a EUR bond maturing May 2026, and a HUF bond maturing August 2030.

<p>Renewable Energy</p>	<ul style="list-style-type: none"> • Installation of photovoltaic solar • Dedicated support infrastructure for photovoltaic solar across building management systems 	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided (t CO2 eq pa) • Annual Energy Production (MWh pa)
<p>Sustainable Management of Living Natural Resources and Land Use</p>	<ul style="list-style-type: none"> • Promotion of ecological value, biodiversity and organic agriculture such as: • Farmland certified against EU standards on organic farming production • Installation of green roof gardens • Facility and infrastructure new build or upgrades that contribute to the protection of living natural resources, including for instance beehive rooftop installations and artificial nesting sites for birds 	<ul style="list-style-type: none"> • Estimated land area with biodiversity management • Quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects

Issuing Entity’s Responsibility

CPI is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of CPI’s Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from CPI employees and review of documentation to confirm the conformance with the CPI Property Group Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by CPI with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by CPI.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,² nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of CPI’s Green Bonds, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the CPI Property Group Green Bond Framework. CPI has disclosed to Sustainalytics that the proceeds of the green bonds are fully allocated as of December 31, 2020.

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects financed by the green bond portfolio to determine if projects aligned with the Use of Proceeds Criteria outlined in the CPI Group Green Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects financed by the green bond portfolio to determine if impact of projects was reported in line with the KPIs outlined in the CPI Property Group Green Bond Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

Appendix

Appendix 1: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Environmental Impact Reported by Eligibility Criteria	Net Bond Proceeds Allocation (EUR Millions)
Green Buildings	Between 2019 and 2020 CPI had 17 BREEAM Very Good, 2 BREEAM Excellent, 2 LEED Platinum, and 2 LEED Gold buildings certified. These improvements resulted in 11,383.8 t CO ₂ eq pa annual GHG emissions avoided, 16,617.1 MWh pa in annual energy savings and 68,033.0 m ³ in annual water reduction.	1,708.140
Energy Efficiency	Energy efficiency projects between 2017 and 2020 resulted in 766.2 t CO ₂ eq pa annual GHG emissions reduced/avoided and 1,083.2 MWh pa in annual energy production, representing a 13% efficiency increase relative to the baseline.	141.400
Renewable Energy	Renewable energy projects in 2017 resulted in 2,486.0 t CO ₂ eq pa annual GHG emissions reduced/avoided and 4,883.0 MWh pa annual energy production.	5.655
Sustainable Management of Living Natural Resources and Land Use	Sustainable management and land use projects resulted in an estimated 16,230.8 ha land area with biodiversity management and quality enhancements of soil and land such as 16,392.5 ha grassland area and 45,553.0 tonnes fertilizing and/or composting.	102.479

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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5th Green Bond Pioneer Awards

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Named

2015: Best SRI or Green Bond Research or Rating Firm
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The
Green Bond
Principles